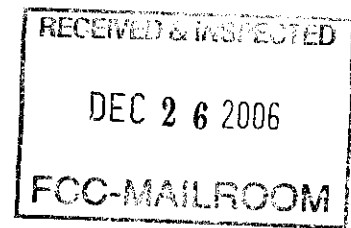




EX PARTE OR LATE FILED

ORIGINAL

CONSUMER ADVOCATE DIVISION  
STATE OF WEST VIRGINIA  
PUBLIC SERVICE COMMISSION  
700 Union Building  
723 Kanawha Boulevard, East  
Charleston, West Virginia 25301  
(304) 558-0526



December 19, 2006

**Ex Parte**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Washington, DC 20554

RE: Notice of Ex Parte Presentation  
CC Docket No. 01-92, Missoula Plan/Intercarrier Compensation

Dear Ms. Dortch:

On behalf of the National Association of State Utility Consumer Advocates (NASUCA), I hereby confirm that on Tuesday, December 12, 2006, and Wednesday, December 13, 2006, Billy Jack Gregg, Director of the Consumer Advocate Division of the Public Service Commission of West Virginia met with the following FCC Commissioners and staff members:

- Chairman Kevin Martin; Daniel Gonzalez, Chief of Staff for Chairman Martin's office; and Michelle Carey, Senior Legal Advisor for Chairman Martin
- Commissioner Jonathan Adelstein; and Scott Bergmann, Legal Advisor for Wireline Issues for Commissioner Adelstein
- Commissioner Michael Copps; and Scott Deutchman, Legal Advisor for Competition and Universal Service Issues for Commissioner Copps
- Ian Dillner, Legal Advisor for Commissioner Tate
- Don Stockdale, Jennifer McKee, Katie King, Al Lewis, Victoria Goldberg, Randy Clarke, Vickie Robinson, and Chris Barnekov of the Wireline Competition Bureau staff

The purpose of the meeting was to discuss the bases for NASUCA's opposition to the Missoula Plan for intercarrier compensation reform, and the adverse impact on the universal service fund resulting from the Missoula Plan. The attached materials were

distributed and discussed during the meetings. This notice and attached materials are also being filed electronically.

Sincerely,

A handwritten signature in black ink, appearing to read "Billy Jack Gregg", with a stylized flourish at the end.

Billy Jack Gregg  
Consumer Advocate Division  
Public Service Commission of West Virginia  
304-558-0526 office  
304-558-3610 fax

# Federal Communications Commission

## Presentation on the Missoula Plan for Intercarrier Compensation Reform

Billy Jack Gregg

Director of the West Virginia Consumer Advocate

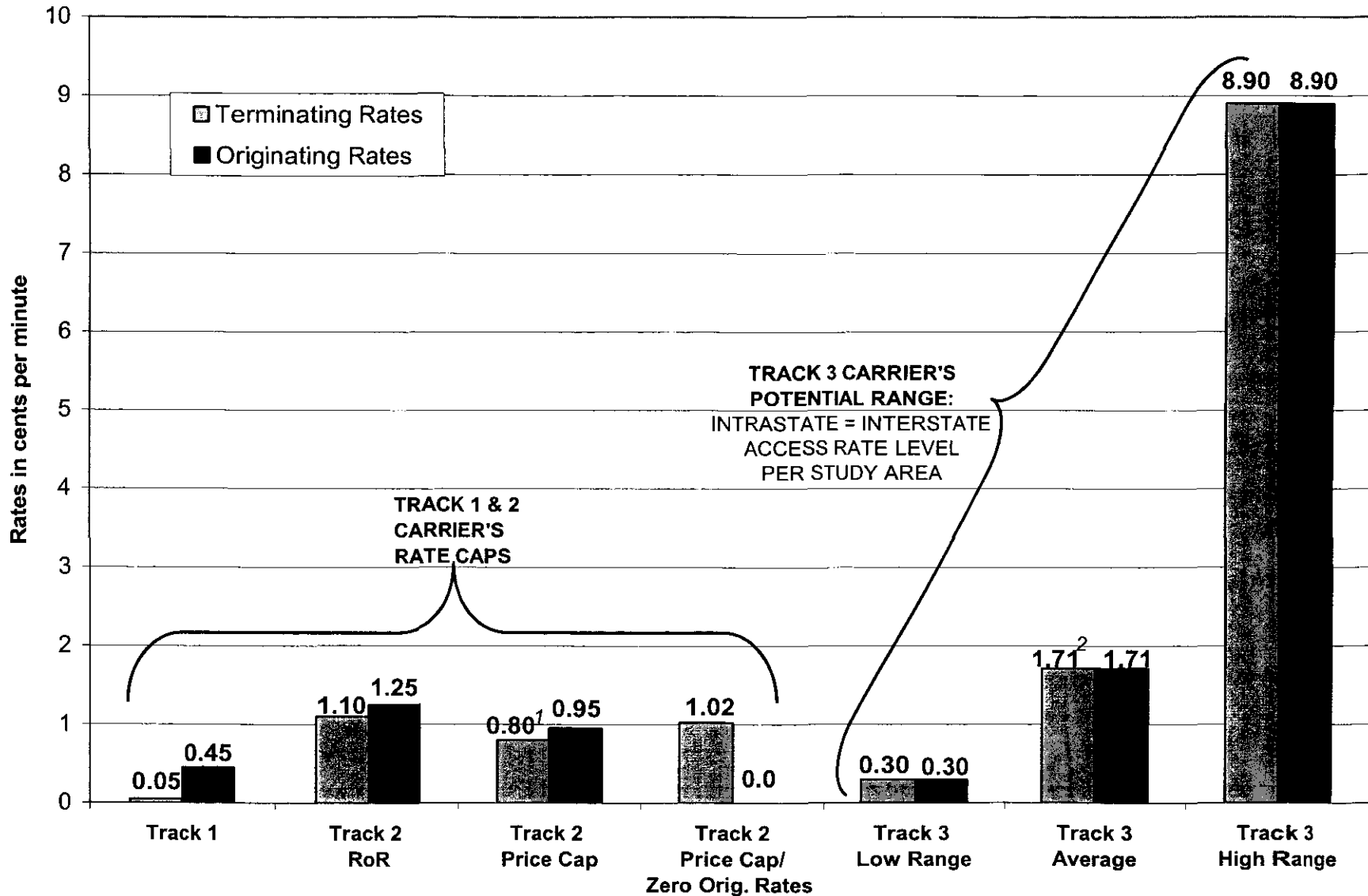
On Behalf of NASUCA

December 2006

# **Consumers Oppose Missoula Plan**

- Missoula Plan does not eliminate disparity in intercarrier rates
- Missoula Plan results in unsustainable increases in the Universal Service Fund
- Missoula Plan unreasonably raises local rates
- No sharing of the burdens imposed by the Missoula Plan

# The Missoula Plan Does Not Eliminate Disparity in Rates



1. Assumes end office switching rate of 0.05¢ and 0.75¢ for common transport and tandem switching.

2. Compensation for EAS traffic remains under existing arrangements. Reciprocal compensation rates for 251(b)(5) traffic capped at interstate access rate levels.

# Missoula Plan Results in Unsustainable Increases in USF

- Plan calls for \$2.225 Billion increase in USF funding:

Restructure Mechanism	\$1.5 Billion
High Cost Fund	\$ .3 Billion
Low Income Fund	\$ .225 Billion
Early Adopter Fund	<u>\$ .2 Billion</u>
TOTAL	\$2.225 Billion

- **A 32% increase in current \$7 Billion USF**
- Would result in assessment factor on all interstate and international revenues in excess of 13%

# Missoula Impact on the High Cost Fund is Grossly Understated

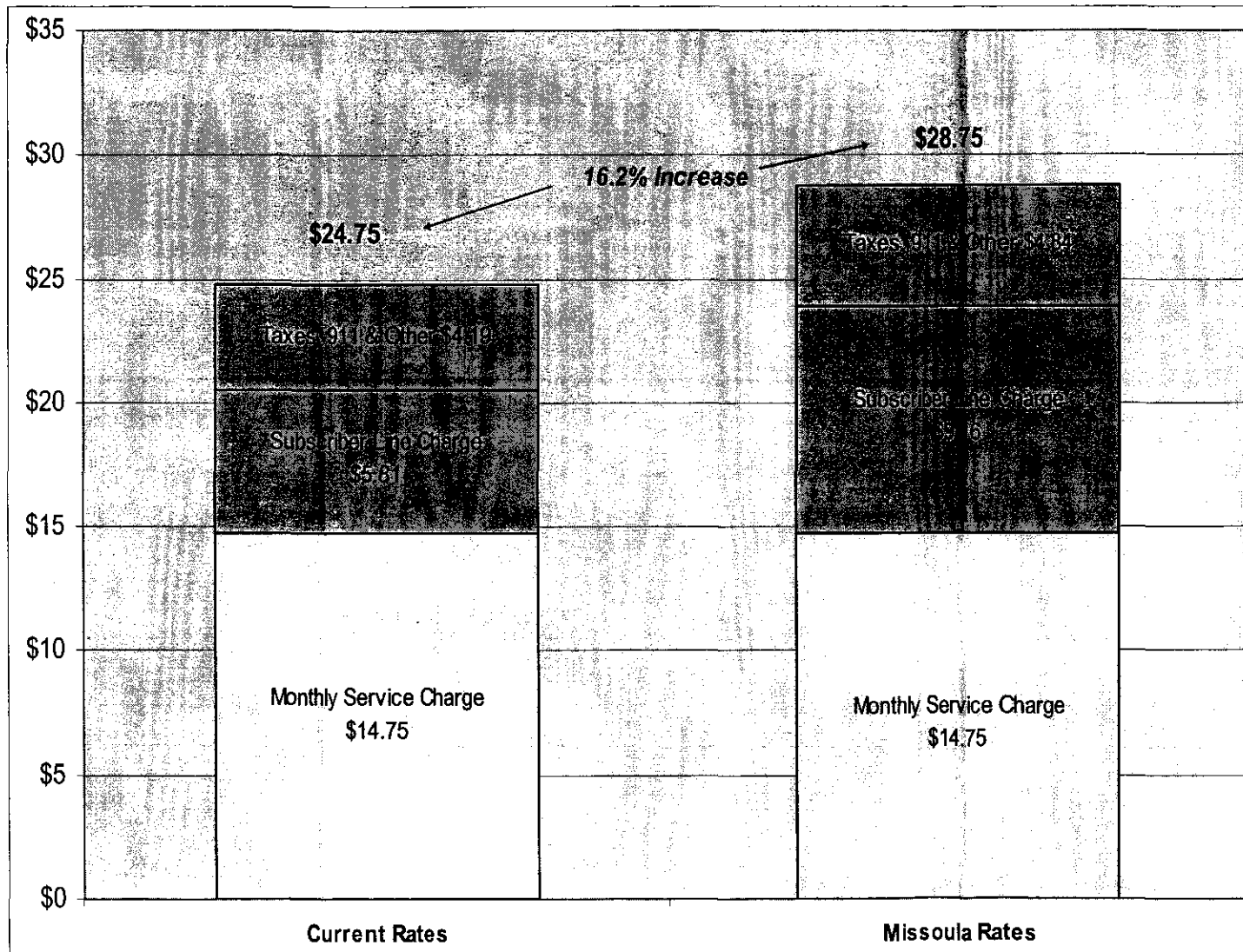
• Stated increase from rebasing	\$300 M
• Additional funding for CETCs	\$ 75 M
• Impact of Changing % of Support	\$ 22 M
• Impact of Rural Price Cap Option	\$ 22 M
TOTAL SO FAR	<b>\$419 M</b>
▶ SLC Base Factor Adjustment	\$ ? M
▶ Safety Valve Changes	\$ ? M
▶ Incentive Regulation	\$ ? M

# Impact on Local Rates

- Increase in SLC cap for Track 1 Carriers (88% of all access lines) from \$6.50 to \$10.00 a month
- Beginning at Step 5, SLC cap escalates above \$10.00 at annual rate of inflation
- SLC caps for Tracks 2 and 3 (12% of all access lines) increase to \$8.75 a month
- USF surcharge on local rates increases 32%, from 10.5% to 13.8%



# Comparison of Current Average Residential Rates With Average Residential Rates Under Missoula Plan



# **There is No Sharing of the Burden of the Missoula Plan**

- ICC Rates are reduced \$6 Billion
- No pass through of reductions to consumers
- **End user rates go up \$6.9 Billion to pay for Missoula**

\$4.7 B increase in SLCs

\$1.5 B for Restructure Mechanism

\$0.3 B increase in High Cost Fund

\$0.2 B increase in Low Income Fund

\$0.2 B for Early Adopter Fund

**\$6.9 B TOTAL**